

## Message Text

UNCLASSIFIED

PAGE 01 BUENOS 04410 141524Z  
ACTION ARA-14

INFO OCT-01 ISO-00 AID-05 CIAE-00 COME-00 EB-07 FRB-01  
INR-07 NSAE-00 USIA-15 TRSE-00 XMB-04 OPIC-06  
SP-02 LAB-04 EPG-02 SIL-01 OMB-01 AGR-01 NSC-05  
SS-15 STR-04 CEA-01 /096 W  
-----141612Z 063964 /47

R 141314Z JUN 77  
FM AMEMBASSY BUENOS AIRES  
TO SECSTATE WASHDC 0939

UNCLAS BUENOS AIRES 4410

E.O. 11652: N/A  
TAGS: EFIN, AR  
SUBJ: INFLATION IN MAY

REF: BA-3614

1. ACCORDING TO THE NEW INDEX, CONSUMER PRICES IN MAY ROSE 6.5 PERCENT, BRINGING THE TOTAL CPI RISE DURING THE PAST TWELVE MONTHS TO 137.5 PERCENT. THE MINISTRY OF ECONOMY HAS RELEASED THE BREAKDOWN BY EXPENDITURE CATEGORY ONLY FOR THE MONTH OF MAY. MEANWHILE, THE BREAKDOWN FOR APRIL AND THE DETAILED METHODOLOGY OF THE NEW INDEX ARE STILL UNKNOWN. MAY CPI INCREASE BY CATEGORY AS FOLLOWS: FOOD 6.5 PERCENT; CLOTHING 4.5; HOUSING, FUEL AND ELECTRICITY 15.9; HOUSEHOLD APPLIANCES AND OPERATION

5.4; MEDICAL CARE 0.3; TRANSPORTATION AND COMMUNICATION 2.9; RECREATION AND EDUCATION 8.6; MISCELLANEOUS GOODS AND SERVICES 2.3.

2. THE WHOLESALE PRICE INDEX SHOWED AN INCREASE OF 6.1 PERCENT FOR MAY, 42 PERCENT FOR THE FIRST FIVE MONTHS AND 120.3 PERCENT FOR THE MAY 1976-MAY 1977 PERIOD. DURING MAY, AGRICULTURAL PRICES ROSE MORE RAPIDLY (9 PERCENT) THAN NON-AGRICULTURAL PRICES (3 PERCENT)

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AND LOCAL WHOLESALE PRICES AT A FASTER PACE (6.4 PERCENT) THAN WHOLESALE PRICES OF IMPORTED ITEMS (3.5 PERCENT).

3. COMMENT THE MAY INFLATION RESULTS WERE SLIGHTLY HIGHER THAN EXPECTED. THE GOVERNMENT HAS ANNOUNCED THAT ADJUSTMENTS FOR PUBLIC SERVICES WILL BE REDUCED FROM

THE PAST 15 PERCENT/MONTH TO 6 PERCENT PER MONTH - MEASURE  
WHICH WILL HELP REDUCE IFLATIONARY PRESSURES. THERE IS  
SOME CONCERN, HOWEVER, REGARDING THE IMPACT OF THE HALF  
YEAR BONUS (AGUINALDO) IN JUN AND POSSIBLE NEW WAGE  
INCREASES IN JUL. IN ADDITION, THE 120 PRICE TRUCE IS  
SCHEDULED TO END JULY.  
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## Message Attributes

**Automatic Decaptioning:** X  
**Capture Date:** 01-Jan-1994 12:00:00 am  
**Channel Indicators:** n/a  
**Current Classification:** UNCLASSIFIED  
**Concepts:** INFLATION, PRICE INDEXES, FINANCIAL DATA  
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**Copy:** SINGLE  
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**Disposition Approved on Date:**  
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**TAGS:** EFIN, AR  
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**Type:** TE  
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**Review Markings:**  
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